

# Disaster Assistance for Homeowners & Renters

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**R**ebuilding your home or business after a declared disaster could be easier with a low-interest loan from the U.S. Small Business Administration.

If your home is damaged in a declared disaster area, you may be eligible for a loan from the SBA. Businesses, homeowners and renters may apply for these loans to pay recovery costs not covered by insurance.

Renters and homeowners alike may borrow up to \$40,000 in Personal Property Loans to repair or replace clothing, furniture, cars or appliances damaged or destroyed in the disaster.

Homeowners may apply for Real Property Loans of up to \$200,000 to repair or restore a main residence to its pre-disaster condition. The loans may not be used to upgrade homes or make additions. Loans may be increased up to 20 percent for structural improvements to lessen property damage by future disasters. Second homes or vacation properties are not eligible for these loans, but may qualify for disaster business loans under certain conditions.

Any proceeds from insurance coverage on your property or home will be deducted from the total damage to the property to determine the loan amount you are eligible for.

For applicants unable to obtain credit elsewhere the interest rate won't exceed 4 percent. For those who can obtain credit elsewhere, the interest rate is no more than 8 percent. The SBA offers terms of up to 30 years for repayment. Terms are determined case-by-case.

Frequently Asked Questions about SBA disaster loans include:

## **How much can I borrow?**

The amount the SBA will lend depends on the cost of repairing or replacing your home and/or personal property, minus any insurance settlements or grants.

## **I already have a mortgage on my home. I can't afford a disaster loan and my mortgage payment. Can the SBA refinance my mortgage?**

The SBA can refinance all or part of a previous mortgage in some cases when the applicant does not have credit available elsewhere, has suffered substantial disaster damage not covered by insurance, and intends to repair the damage.

## **How soon before I know I've been approved for a loan?**

The SBA disaster assistance program helps with long-term rebuilding and repair of damage property, unlike immediate emergency relief provided by the American Red Cross. To make a loan, we must know the repair cost, be assured that you can repay the loan, and take reasonable safeguards to make sure the loan is repaid. The sooner you return the completed loan application, the sooner the SBA can process the application. The SBA tries to make a decision on each application within seven to 21 days. Make sure the application is complete; missing information causes delays.

**What information must I submit for a home and/or personal property loan?**

You submit the loan form and permission for the IRS to provide the SBA information from your last two tax returns.

**Is collateral required for these loans?**

Loans over \$10,000 have to be secured. The SBA won't decline a loan if you don't have enough collateral, but will ask for whatever collateral is available. That usually consists of a first or second mortgage on the damaged real estate.

**Should I wait for my insurance settlement before I file my loan application?**

No. Don't miss the filing deadline by waiting for an insurance settlement. Final insurance information can be added after a settlement is made. The SBA can approve a loan for the total replacement cost, but the insurance proceeds must be applied to the SBA loan balance.

**I'm a farmer, and my barns, fence and some of my crops were damaged, as well as my home. Can I apply to the SBA for assistance?**

You may apply for an SBA disaster loan to cover the damage to your home and its contents only. You may want to contact the U.S. Department of Agriculture for recovery assistance for your farm.

For more information about SBA disaster assistance plus disaster preparedness for individuals and businesses, visit the Web site at [www.sba.gov/disaster](http://www.sba.gov/disaster).

*All SBA programs and services are offered on a nondiscriminatory basis.*